United Nations A/52/297

General Assembly

Distr.: General
22 August 1997
English
Original: Spanish

Fifty-second session
Item 20 (b) of the provisional agenda*
Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance: special economic assistance to individual countries or regions

International assistance to and cooperation with the Alliance for the Sustainable Development of Central America

Report of the Secretary-General

I. Introduction

1. This report is being submitted pursuant to General Assembly resolutions 49/21 I of 20 December 1994 and 50/58 B of 12 December 1995. It describes the international cooperation activities of the United Nations Development Programme (UNDP), carried out during the two-year period from July 1995 to July 1997, in support of the efforts of the Central American countries to implement a new sustainable development programme in the region.

2. In resolution 49/21 I, the General Assembly emphasized the need to design and implement a new programme of international cooperation for Central America, based on the priorities laid down in the Declaration of Commitments adopted by the Follow-up Committee of the International Conference on Central American Refugees (CIREFCA) and the Alliance for the Sustainable Development of Central America (ALIDES). The Assembly supported the efforts of the Central American Governments in their commitments to the alleviation of extreme poverty and the fostering of sustainable human development, and urged them to intensify the implementation of policies and programmes in those areas. It further stressed the need for the international community to continue its support for those efforts, and requested the United Nations system and, in particular, UNDP, to continue to provide the necessary support and to mobilize resources in order to meet the objectives of the new strategy for development in Central America.

3. In resolution 50/58 B of 1995 the General Assembly emphasized the importance of supporting and strengthening the new programme for international cooperation and assistance for Central America and reiterated the need to continue such efforts, stating that only by solving the political, economic, social and environmental problems that are the cause of tensions and conflicts in society will it be possible to avoid a reversal of the achievements and guarantee a firm and lasting peace in Central America.

4. While this report focuses on the Central American isthmus, comprised of Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama, it also covers some activities in support of refugees which include parts

* A/52/150 and Corr.1.

97-22482 (E) 120997 170997 180997

of southern Mexico.

II. The macroeconomic framework

5. According to the Economic Commission for Latin America and the Caribbean (ECLAC), Central America registered a sharp downturn in economic growth in 1996. This performance reflected the combined effects of a variety of factors: the results of most countries' efforts to control severe macroeconomic imbalances in 1995, adverse climate conditions which affected primary production, and the drop in the international prices of the main export goods. The average increase in the gross domestic product was only 2.3 per cent in Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua; it increased by 2.5 per cent in Panama and by 2.4 per cent in Belize. Hence, economic activity lagged substantially behind that of 1995, when growth had increased by 4.4 per cent in the first-mentioned five countries, Panama had registered a modest growth rate (1.8 per cent) and Belize had posted a growth rate of 3.8 per cent. Accordingly, in 1996, the per capita gross product remained unchanged, except in Nicaragua, which experienced growth for the second consecutive year. Overall, the slump in economic activity, particularly in the construction industry, triggered a rise in urban unemployment in most of the Central American countries. This was compounded by the problems facing the agricultural sector following a poor yield in basic grains.

6. There were sharp changes in certain key items of the external sector. Although exports of goods plummeted, other major revenue sources such as family remittances, tourism and industrial assembly, continued on a stable upward trend. In particular, earnings from coffee exports declined, down from the record high of 1995 generated by the exceptional prices prevailing since mid-1994. Banana sales remained unchanged owing to lower prices on the international market, adverse climate conditions which hindered production, and the difficulties of gaining access to the markets of the European Union. In July, Hurricane César, the third in 1996, swept across the Central American isthmus through Nicaraguan territory, although Costa Rica was harder hit by the strong rains and floods it caused. In the same negative vein, the external sector witnessed a sharp hike in international oil prices.

7. Because of sluggish domestic demand in most Central American countries, imports also rose at a slower pace; as a result, the current-account deficit was lower than in the previous year and the rapid growth of intra-regional trade eased.

8. Policy measures aimed at reducing the fiscal deficit and tightening the money supply in order to correct macroeconomic imbalances had a considerable impact on the development of the region's economic activity. Most countries raised taxes on the basis of tax reforms introduced in the previous two years and other provisions. In the case of Costa Rica, where the fiscal imbalances of 1994 and 1995 prompted the adoption of strong monetary and fiscal austerity measures, these measures contributed to the stagnation of economic activity. In El Salvador, Guatemala and Honduras the restrictions were less severe. Nicaragua, while continuing to enforce rigid monetary austerity, was able to keep its economy growing and Belize continued its policy of curbing government spending. In Panama, stabilization and financial rehabilitation efforts continued.

9. One of the positive signs of these measures, in addition to the fiscal deficit being gradually brought under control, was the downward trend in inflation in the region, despite the fact that the sharp increase in international oil prices drove up energy prices and even though the scarcity of basic grains led to an increase in prices of grains. The most outstanding case was that of Costa Rica, where inflation was halved, albeit in the context of a recession. The smallest increases in the consumer price index, adjusted for the December-to-December variation, were found in Panama (2.3 per cent), Belize (3.1 per cent) and El Salvador (7.4 per cent).

10. While Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua continued to adopt some joint and coordinated policies, such as tariff rebates, they diverged in other areas owing to the unfavourable economic situation. For example, the region's exchange-rate parities, in real terms, are not aligned and this tended, *inter alia*, to aggravate the problem of the grain supply in 1996, by stimulating national exports to neighbouring countries. Their tax policies are also different.

11. Despite these problems, the region witnessed significant progress in other areas, particularly as regards external debt negotiations. A huge portion of Nicaragua's debt was pardoned. In addition to the entry into force of the free trade agreement between Costa Rica and Mexico, the other Governments resumed trade negotiations with Mexico and other nations, with a view to signing similar agreements. In Panama, a major stride was made with the conclusion of the renegotiation of the external debt under the Brady Plan, which afforded the country access to international private financial markets following 12 years of inactivity. Moreover,

the process of trade liberalization was strengthened with the signing of the protocol of accession to the World Trade Organization. These developments were accompanied by the progressive handing over of important areas of operation of the Panama Canal, a process which will culminate at the end of 1999. On the political front, there was the signing of a lasting peace agreement between the elected Government of Guatemala and the guerrilla Unidad Revolucionaria Nacional Guatemalteca (URNG), putting an end to more than three decades of armed conflict in the country. In addition, the presidential election in Nicaragua reflected the consolidation of the country's political institutions.

12. The outlook for the region in 1997 seems to be one of moderate improvement in economic growth. It is expected that there will be an upturn in the level of activity in Costa Rica and that the Salvadoran economy will become more dynamic as a result of the measures taken to stimulate the economy offered in the second half of 1996. The countries are maintaining prudent fiscal and monetary policies, with a view to reducing the fiscal deficit and continuing to reduce inflation. International coffee prices rebounded in the first half of 1997, oil prices are dropping and an upswing in banana exports is expected.

III. Cooperation activities

13. In response to the request of the Central American Governments submitted to the General Assembly, in 1996, UNDP launched a new programme of subregional cooperation in Central America. The programme was formulated during the previous year, following appropriate consultations with government authorities and organizations of Central American civil society, Governments and cooperation agencies and other preparatory activities. The programme was designed to take into account the priorities and undertakings established by the Presidents of Central America at their summit meetings, particularly the one held in Guácimo, Costa Rica, the Central American Environment Summit for Sustainable Development, held in Managua, and the International Conference on Peace and Development in Central America, held in Tegucigalpa, all of which were held in 1994 and the summit meeting held in San Salvador in March 1995. It also reflects the commitments undertaken by the participants in the CIREFCA process with respect to solving the problem of uprooted populations and combatting extreme poverty and social marginalization.

14. The new subregional programme concentrates on three main areas of action: peace and democratic governance; economic and social development; and sustainable development of the environment. The financial resources available for the first triennium totalled $22 million, including UNDP core resources and additional resources mobilized from third-party sources. UNDP undertook to allocate $3 million per year as seed capital. In October 1995, a UNDP/Government of Spain trust fund was set up in the area of democratic governance with an initial donation from Spain of $11 million for the period 1996-1997. In addition, a UNDP/Government of Italy trust fund was set up with a donation from the latter of $2.4 million as an initial contribution, for a programme in the field of human development at the local level. It is hoped that those two donor States will make additional contributions during the period. In particular, additional resources of $4 million have already been agreed with the Government of Spain. It should be noted that the aforementioned resources are in addition to very considerable contributions from third-party sources for UNDP country programmes, in particular from the Governments of Sweden and Norway; contributions from those two States have been decisive for United Nations actions in support of peace processes and the consolidation of democracy in Central America and have included direct contributions for improving the analytical and operational capacities of UNDP country offices in Nicaragua, El Salvador, Guatemala and, recently, Honduras.

IV. Peace and democratic governance

A. Support for concertation and consensus-building processes

15. The subprogramme deals with the consolidation of peace in the context of governable democracies, facilitating implementation of peace and national reconciliation agreements, reform of democratic institutions and consensus-building regarding issues of sustainable human development in Central America with the participation of civil society.

16. UNDP has supported the joint efforts of the Central American Governments in the context of presidential summits and the regional institutional framework responsible for the management and procedures in respect of ALIDES and regional integration. In particular, in the context of the UNDP/Government of Spain trust fund, assistance is being given for the efforts to rationalize and reform the Central American Integration System (SICA), in response to the decision taken by the presidents to that end. The reform, undertaken in the framework of a joint project between the Inter-American Development Bank (IDB) and

ECLAC, involves the updating, modernizing and strengthening of SICA and its General Secretariat, renovating its legal structure and orienting its activities to the regional sustainable development agenda.

17. In connection with these objectives, UNDP is carrying out activities to strengthen regional civil society organizations and facilitate their proactive participation in the context of ALIDES. It should be recalled that regionally organized civil society organizations were involved in the 1994 Tegucigalpa Commitments. Organizations such as the Central American Committee for Inter-Agency Coordination and the Civil Initiative for Central American Integration have received support and have taken part in forums for concertation and consensus-building on goals and proposals for action within the ALIDES process.

18. Efforts to promote spaces for dialogue have enabled a broad range of organizations from Central American civil society, including young businessmen, rural organizations and the cooperative movement to participate. The actions undertaken in the gender equality field, pursuant to the Platform for Action of the Fourth World Conference on Women, held in Beijing in September 1995, are noteworthy in this context. There is a system of information set up by a subregional UNDP project, which, in 1993, began supporting Central American countries and women's organizations in the preparatory process for the Conference. The system facilitates programme and project design and the promotion of actions for strengthening peace, democratization and human development from a gender perspective. In this context, UNDP has supported activities promoted by the women's regional forum for Central American integration and facilitated national meetings of various organizations connected with the advancement of women.

19. Another initiative which contributes substantially to the processes of post-conflict democratic concertation in Central America is the "State of the Region" project. Through the preparation, publication and diffusion of reports, it provides timely, reliable and complete information to the actors of civil society concerning the situation of their countries and regional integration, thereby enabling them to improve their capacity to participate as well as the quality of that participation. The project is financed with $1 million from UNDP and $450,000 from the European Union, as well as local contributions of $1.3 million. It is based on the successful experiment with the "State of the Nation" report, which is being produced in Costa Rica thanks to broad participation by the country's citizens.

20. Another area which has been given priority in the context of activities for strengthening democratic governance is that of political parties. A regional UNDP project, jointly with the national programmes of El Salvador and Panama, and with the participation of the Centre for Electoral Training and Promotion of the Inter-American Institute of Human Rights, has organized subregional workshops for the strengthening of Central American political parties. At these meetings, representatives of political parties discussed the problems which affect political systems and the functioning of political parties, as well as proposals and recommendations concerning the role which political parties should play in order to improve democratic governance in the region. The meetings also looked at the results of the "Central American barometer" study, promoted by UNDP, on the population's perceptions, opinions and expectations regarding matters of democratic governance in the Central American isthmus. A number of publications are being issued as part of the activities planned for the follow-up to that process.

21. In addition to activities at the subregional level, UNDP has continued to support peace and consensus-building processes in each country. In Nicaragua, for example, the UNDP/Government of Spain trust fund implemented a project to facilitate the transfer of power and functions of local government following the elections of October 1996, consensus-building on priorities, and training of candidates and officials. Everyone is well aware of the efforts made by the entire United Nations system, together with the United Nations Mission for the Verification of Human Rights and of Compliance with the Commitments of the Comprehensive Agreement on Human Rights in Guatemala, in Guatemala to support the process of negotiations and dialogue with various sectors of Guatemalan society, which culminated in the final signing of the Peace Agreements in December 1996. In Honduras, there was cooperation with the Convergencia Nacional forum. In Panama, the UNDP country programme supported the dialogue between the Government, political parties and leaders of civil society, which culminated in agreements on the future of territory in the Canal Zone. In Costa Rica, support was given for activities of reflection on economic policy and human development, with the participation of the Union of Chambers of Commerce and Private Enterprise and leaders of civil society representing the rural population, the cooperative movement, trade unions, the media, academics and women.

B. Strengthening of democratic institutions

22. Also in the area of democratic governance, UNDP contributes to the promotion of human rights and the rule of law in the Central American region, through programmes to support judicial reform, public safety, human rights counsels, and the functioning of the State, through tax reform and decentralization.

23. In the area of justice, the national programme of support for local justice in Nicaragua, which received financial support from the Government of Sweden, has completed its work. The programme succeeded in setting up "houses of justice" in some 100 municipalities in the interior of the country, thereby giving dignity to the functioning of justice, and provided training for judges of the first instance who were assigned to those municipalities. In El Salvador, the UNDP/Government of Spain trust fund is financing projects of support for the public criminal defence service and of popular legal education. The first seeks to increase the institutional capacity of the Office of the Public Defender, which includes the training of public defenders. The objective of the second is to promote knowledge of the country's new legislation pertaining to the criminal justice system, the family, minors and the prison system, and of current international instruments, particularly those relating to human rights. In the same way, in Guatemala, support is being given for the public criminal defence service and the streamlining of the judicial notification process. The first project will enable new public defenders to be trained and appointed; the second aims to reduce the number of unresolved cases by designing effective mechanisms for follow-up and supervision. Also, the judicial management project helps to consolidate the rule of law and the peace process through the modernization of the system of justice in Guatemala and supports the Supreme Court and the Commission for the Strengthening of Justice. In Honduras, the project to strengthen the rule of law aims to set up mechanisms to reduce the number of accused persons and to improve the follow-up of cases, to strengthen public defence, to assist in the implementation of standards regarding young offenders and to carry out a pilot project in the penitentiary system. In Panama a major project for penitentiary reform and rehabilitation of prisoners, including special actions to improve conditions for young offenders, is being carried out. A regional project is focusing on the training of judges and prosecutors in all the Central American countries, in order to improve the professional training of the members of the judiciary. When complete, the project will have provided training for 1,800 Central American judges and prosecutors by means of courses taught in the region and in Spain.

24. The improvement of public security is another problem to which the population of the region attaches priority. In the case of El Salvador, over the past two years efforts have been consolidated in support of the National Public Security Academy and the national civil police, and this has been made possible through the generous contributions of the Governments of Denmark, Norway and Sweden. Recently, the project to support the national public security council has sought to strengthen that institution so as to bring about a unified policy and coordination of the public security institutions in El Salvador. In addition, using resources from the UNDP/Government of Spain trust fund, technical assistance is being provided to the police of Guatemala so as to lay the foundations for the subsequent transformation of the military police into a civil police force, in fulfilment of one of the provisions of the Peace Agreements. In Nicaragua, the project for support to the police is designed to improve the operational capacity of the police through specialized courses and further strengthen Nicaragua's security plan. Another project is contributing to the improvement and technical enhancement of forensic medicine in Nicaragua, thereby strengthening the Supreme Court of Justice. In Panama, support is being provided to the national police in an effort to improve its skills in the area of human rights and criminal investigations and its capacity to provide public security services in general. In Honduras, a project is being formulated to assist in the establishment of a national civil police force on the basis of Honduras' new legislation which provides for the transfer of these functions from the jurisdiction of the military.

25. In tax matters, attention should be drawn to the project for the reform of financial administration in Costa Rica which aims to improve the management of this important State function. Another initiative is being developed in Guatemala to contribute to the modernization of the tax administration within the framework of the Peace Agreements.

26. Another basic theme in the area of peace and governance is support for the economic and social reintegration of former combatants, demobilized military personnel and wounded victims of war, who are covered by specific peace agreements. In addition to the ongoing programmes in Nicaragua and El Salvador, the speedy response of UNDP along with other cooperating bodies in ensuring the demobilization of the former URNG guerillas during the first months of 1997 should be noted. This action, which is crucial to the credibility of the peace process, was made possible by the timely contribution of approximately

$6 million by the Governments of Norway and Sweden and effective coordination with other agencies of the United Nations system, particularly the Office of the United Nations High Commissioner for Refugees (UNHCR) and with the International Organization for Migration.

27. In the case of Guatemala, specific programmes for the resettlement of uprooted population groups and on the identity and rights of indigenous peoples are also being carried out, and are structured on the basis of the commitments in the Peace Agreements. In the first programme, UNDP has expanded its operations thanks to a contribution of $3.5 million from the Government of Denmark, supplementing other programmes and resources. In the second, the emphasis is being placed on legal reforms relating to the rights of the indigenous peoples and the promotion of their culture. In both cases, special attention is being paid to women's groups.

V. Economic and social development

A. Sustainable human development at the local level

28. Taking into account the implementation of the Declaration of Commitments in favour of populations affected by uprootedness and by conflicts and extreme poverty in the framework of the consolidation of peace in Central America, adopted at the last meeting of the CIREFCA Follow-up Committee held in Mexico City in June 1994, and the successful experience of the implementation of the Programme for Displaced Persons, Refugees and Returnees in Central America (1990-1995), UNDP has embarked on the formulation and implementation of a new initiative in Central America, the Programme for Sustainable Human Development at the Local Level. This regional programme aims to give concrete expression to ALIDES and to the commitments undertaken by the Central American Governments, the United Nations system and the international community at the World Summit for Social Development which was held in Copenhagen in March 1995, by promoting integrated strategies to combat poverty in areas of countries having the highest indexes of social and environmental deterioration. The objectives of the programme are as follows: (a) to establish regional, national and local consensus among the main protagonists (Governments, civil society, cooperating community and United Nations agencies) with regard to goals and action for sustainable human development; (b) to strengthen the technical capacity of the programmes and promote joint action by the United Nations system in relation to the strategy; (c) to consolidate ongoing local development processes; (d) to transfer experience at the international level.

29. In each of the territories assigned priority by the Governments, methodologies that have already been tested are being applied to support the processes of State decentralization and modernization, to strengthen local authorities through community, municipal and departmental development boards and expand their capacity to formulate and implement local plans, to establish systems of production, credit and employment and improve health and education and environmental management.

30. The programme has total financing of US$ 3,424,000 for activities at the regional level, of which US$ 2,424,000 comes from a contribution from Italy to the UNDP/Government of Italy trust fund for sustainable social development, peace and support to special countries and $1 million was provided by UNDP. These resources are making it possible to support national subprogrammes in Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama, each of which has specific funding derived from various sources. Implementation is an inter-agency effort by various United Nations agencies, UNDP in respect of execution, the United Nations Office for Project Services (UNOPS) in respect of general implementation, the International Labour Organization (ILO) and the World Health Organization/Pan American Health Organization (WHO/PAHO), with the active participation of the World Food Programme (WFP), the United Nations Children's Fund (UNICEF), the United Nations Volunteers programme (UNV), the United Nations Population Fund (UNFPA), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and other agencies.

31. It should be noted that the programme was formulated and launched following an extensive process of consultations in order to achieve maximum consensus. Thus, the initiative was submitted for consideration to, and discussed with, each and every Government and UNDP office, and with agencies of the United Nations system (UNOPS, ILO, UNICEF, FAO, WHO/PAHO, UNHCR) and local organizations (Central American network of local economic development agencies and departmental development committees). The programme was approved on 29 November 1996 in Nicaragua by the Council for Social Integration.

32. The implementation of the programme progressed during the first half of 1997. Technical teams were formed at the regional and country level, methodologies and systems

were agreed on and operational plans were drawn up. The latter are the result of a process of consultation and negotiations with all the actors participating in the development of the areas of intervention. The programme has its headquarters in Guatemala. In Belize, the institutional framework of the subprogramme is being formed, and a proposal has been made to the Prime Minister for the establishment of a national council and district development councils. In Costa Rica, the programme is part of the country's decentralization policy; a broad and representative institutional cooperation committee has been established, and progress has been made in operational aspects; the goal is to reproduce what has already been achieved in other regions of Costa Rica, particularly in the northern region. In Guatemala, the programme is assigned to the General Planning Office and operates in three departments which have been accorded priority by the Government in the context of the implementation of the peace agreements; the financing sources include the IDB, the International Fund for Agricultural Development (IFAD) and bilateral agencies. In Honduras, the Government counterpart is the Technical Secretariat for cooperation, and other projects are being incorporated to promote local development in new, additional areas of intervention in San Marcos de Ocotepeque, Intibucá and Copán. In Nicaragua, priority has been accorded to the northern area of the country. Panama has recently been included in the programme; there the Government counterpart is the social cabinet. There are interesting initiatives associated with the municipal programme for the twenty-first century, the decentralization decisions and the national programme which UNDP is carrying out in Panama.

B. Agricultural development

33. The Regional Unit of Technical Assistance agricultural development project (RUTA III) was implemented between April 1994 and the first half of 1997; following a mid-term evaluation which yielded very favourable results, a new phase was approved in order to continue the activities for the three-year period between 1 July 1997 and the year 2000. This UNDP project is being executed by the World Bank with financing of $5.1 million from various sources: UNDP, the trust fund set up by the Government of Japan and the World Bank, IBD, IFAD, the Inter-American Institute of Cooperation in Agriculture, FAO and the Government of Norway, in addition to in-kind contributions from countries. The project provides Central American Governments with assistance in their policies and programmes of agricultural modernization and institutional and rural-sectoral reform in order to strengthen the process of sustainable development in the subregion. The project supports countries in: (a) the formulation of policies, programmes and projects for investment and technical assistance in the implementation of lending operations; (b) the strengthening of the capacities of public and private institutions through training; (c) the formulation and implementation of strategies for addressing the problem of rural poverty; (d) the implementation of gender-specific policies on women and development; (e) the strengthening of sustainable agriculture through appropriate management of natural resources; and (f) the adoption of policies derived from the process of trade liberalization.

34. The project shifted the focus which had guided the implementation of the earlier project (RUTA II) from policy analysis and design towards the design of investment components, while maintaining support for regional topics such as trade, facilitating exchanges in the region and operating as a focal point for cooperation in the area of agriculture. The evaluation mission concluded that the project had fulfilled its objectives with a high level of cost-effectiveness. The new phase envisages financing of $4.6 million for three years of operation.

C. Social investments

35. The Regional Unit of Technical Assistance to alleviate poverty in Central America and Panama (Social RUTA) project continued its operations between July 1993 and July 1997 with a total funding of $6 million. This UNDP project was executed by the World Bank and financed by UNDP, the Government of Japan and IDB. WHO/PAHO participated in the project and provided an advisor. Operating through a regional unit, which was in contact with the national technical units, the project assisted countries in the formulation of policies and programmes in the social sector and sought to strengthen national management capabilities in the social sectors of the countries concerned with special emphasis on the sectors of basic education, health, nutrition and the strengthening of social investment funds.

36. The Social RUTA project made a useful contribution to the activities of the Governments, technical teams and social sector agencies by promoting the participation of national technical teams. Its regional standing, technical capacity and operational approach were helpful in the preparation of social sector projects. One important outcome of the Social RUTA project was the number of projects in which it participated and the level of resources generated ($808.8 million). Examples include the primary education project in El Salvador, noteworthy for the close

collaboration between the World Bank and IDB and the participation of national teams; the plan of action for the health services improvement programme in Guatemala, which provided incentives for a loan from IDB; and the preparation of projects through social investment funds in Honduras, Nicaragua and Panama. The Social RUTA project also sought to improve the region's ability to analyse the social sectors and provided inputs for the formulation of policies in the form of studies and publications, dissemination of relevant information, preparation of databases and training activities. More particularly, studies were conducted on the effectiveness and efficiency of social expenditure in four countries with a view to elaborating policy agendas based on empirically established data. The project provided a rich experience for the definition of new strategies and actions by international cooperation agencies to bring about social reform in Central America.

VI. The environment and sustainable development

37. UNDP provides support for a broad range of environmental protection and restoration activities in Central America. The approach adopted is a comprehensive one which reflects the concept of sustainable development and promotes the participation of those sectors of society which are directly affected or concerned by environmental problems. The framework of cooperation was established in ALIDES, which was adopted at the Central American Environment Summit for Sustainable Development held in Managua in October 1994, following the commitments undertaken at the Earth Summit (Rio de Janeiro, June 1992) and subsequently ratified by the Latin American region at the Summit Conference on Sustainable Development (Santa Cruz de la Sierra, Bolivia, December 1996). The subregional counterpart organization for cooperation activities is the Central American Commission on Environment and Development.

38. The programmes promote the mainstreaming of the environment into national policies and sectoral plans as well as in the design of projects to promote conservation, rehabilitation and sustainable use of natural resources in specific areas. Funding for these activities comes not only from the regular budget of UNDP and from Governments but also from the special fund established for this purpose, known as Capacity 21, and from the Global Environment Facility (GEF), which is managed by UNDP and the World Bank with the assistance of the United Nations Environment Programme (UNEP).

39. One of the priority issues for the Central American isthmus in the context of ALIDES is the protection of biodiversity. It is estimated that between 6 and 12 per cent of the world's biodiversity is contained in the Mesoamerican region, which extends from Darien, in Colombia, to Tehuantepec, in Mexico. Efforts are being made to create a system of biological corridors to link the region, which is suffering from a rapid loss of its biodiversity due to deforestation, soil erosion, the destruction of maritime and coastal resources, pollution and the hunting and illegal trade in wildlife. Aware of these problems, the seven heads of State of the subregion agreed to launch two initiatives: a financial fund for nature and the creation of a system of protected areas and biological corridors throughout the Central American isthmus. GEF has advanced approximately $25 million in seed capital for these two initiatives and it is hoped that additional resources will be mobilized for the implementation of sustainable development programmes. One response has been the provision by IDB of nearly $25 million in additional funding. The programme has made it possible to establish a comprehensive strategic framework for orienting activities that promote and strengthen national initiatives, kindle international interest and help to channel internal and external resources.

40. In addition to these initiatives, UNDP supports national efforts with GEF funding. In Guatemala, the project on full protection of biodiversity in the Sarstung-Motagua region seeks to create a system of biological corridors that will link together nine natural parks covering an area of 12,000 square kilometres as part of the Mesoamerican system of biological corridors. The project is executed entirely by local organizations and benefits communities of the Quiche ethnic group who live both in the continguous zones and in the conservation zones themselves. The aim is to foster inexpensive and socially feasible practices for the sustainable use of forests in order to improve the living standards of beneficiaries. It has a total budget of $9.7 million, of which $4.1 million is being provided by GEF. In Costa Rica, activities are continuing under the project to support the sustainable management of the Ossa Peninsula ($8 million), within the national system of protected areas. In Belize, work is continuing on a coastal management plan ($3 million), to protect that country's coral reefs, which contain the richest biodiversity in the Western Hemisphere.

41. In Belize, Costa Rica, El Salvador and Guatemala, GEF has approved resources of approximately $1.3 million to help fund the elaboration of national strategies and plans of action aimed at conserving biodiversity and identifying the main sources and sinks of greenhouse gases. These strategies and plans with respect to both biodiversity and

climate change represent the main commitments undertaken by those Governments which have ratified the global conventions signed during the United Nations Conference on Environment and Development.

42. Using resources from Capacity 21 as seed capital, supplemented by resources from the Governments themselves, UNDP is also helping individual countries to strengthen their capacity to incorporate the principles of Agenda 21 adopted at the Conference into their development plans. Efforts are being made to ensure the participation of all sectors of society in promoting processes of sustainable development. Three countries are implementing this type of programme: Costa Rica, El Salvador and Honduras. Similar programmes are expected to be launched in Guatemala in 1997 together with a subregional programme.

VII. Institutional aspects and management capacity

43. The UNDP regional programme operates under a flexible and decentralized management structure. A liaison service has been established in Costa Rica and the network approach is being promoted to maximize the flow of information and the participation of national organizations at every level, both governmental and non-governmental. Each regional project is implemented in relation to the corresponding national counterparts and the existing regional organizations with competence in that specific area. Furthermore, maximum use is being made of the inter-agency work of the United Nations.

44. The strategy for the regional programme emphasizes capacity-building of national and regional institutions. Projects therefore include activities or components designed to: (a) create and/or strengthen consensus-building capacity; (b) establish or strengthen management capacity for development processes, especially in the area of the formulation and implementation of public policies; (c) provide support for measures aimed at improving results and increasing the capacity to undertake new activities; and (d) enhance the efficiency of management and information systems.